State of California

Employment Training Panel

Training Proposal for:

Toshiba America Electronic Components, Inc.

Agreement Number: ET09-0226

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **San Diego** Analyst: J. Davey

PROJECT PROFILE

Contract Type: Priority/Retrainee

Industry Sector(s): High-Tech

Counties Served: Orange, San Diego, Santa Clara

Repeat Contractor: ☐ Yes ☒ No

Union(s): ☐ Yes ☒ No

Priority Industry: ☒ Yes ☐ No

No. Employees in CA: 350

No. Employees Worldwide: 191,000

Turnover Rate %	Manager/ Supervisor %
4%	7.5%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
$99,360	$0	$99,360

In-Kind Contribution
$206,843

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Business Skills, Computer Skills, Continuous Improvement Skills, Advanced Technology Skills	138	24 - 200	0	$720	$13.37
				Weighted Avg: 40			

Minimum Wage by County: $14.02 for Orange County, $13.37 for San Diego County, $14.02 for Santa Clara County

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☐ Yes ☒ No

Although employer provides health benefits they are not being used to meet Post-Retention Wage.

Other Benefits: Life Insurance, Employee Assistance Program, Short-term and Long-term Disability Insurance, Paid Family Leave, Long-term care, Educational Assistance, 401(k) savings and retirement plan.

Wage Range by Occupation	
Occupation Title	Wage Range
Corporate Support Staff	
Managers	
Research, Engineering, IT Staff	
Sales Staff	

INTRODUCTION

In this proposal, Toshiba America Electronic Components, Inc. (TAEC) seeks funding for retraining as outlined below:

TAEC is an independent operating company owned by Toshiba America, Inc., a subsidiary of Toshiba Corporation, Japan. TAEC develops semiconductors, memory devices, Liquid Crystal Displays (LCD), wireless components, radio-frequency components and other electronic components, as well as methanol fuel cell products. Its customers include a variety of major manufacturers in industries such as computing, telecommunications, video display, networking, automotive and wireless. Among its several U.S. facilities, it maintains three in California: the headquarters in Irvine and two Research and Development (R&D) operations in San Jose and San Diego. TAEC is eligible for funding under the Panel's out-of-state competition provisions for integrated production, sales and internal services that directly support its manufacturing. TAEC was also determined eligible for Priority-Industry funding as a manufacturer.

PROJECT DETAILS

TAEC reports that in 2007 it introduced new sensors for back-up and dashboard displays to serve the automotive industry. The company is poised for an expansion of this product line into other areas of the automotive industry. TAEC is also one of the first manufacturers to enter the Fuel Cell Technology market for laptops and automobiles. It also has expanded its Liquid Crystal Display product line to include a micro-technology, wireless version LCD display for use in Apple products such as the iPod and iPhone.

An integral part of TAEC's product development is the company's Research & Development (R&D) department. Because the electronics and high tech industries are product driven, R&D is vital to the company's future. Therefore, improving the skill set of TAEC's R&D workforce is critical to its ability to compete. TAEC is competing against oversees research and development capabilities, where profit margins are much higher due to lower cost structures. To remain competitive and allow the company to remain profitable, TAEC is committed to increasing the knowledge base of its workforce in California.

As a global corporation, TAEC follows the guidelines of the International Organization for Standardization, and, therefore, is focused on improving quality in all aspects of its operations. TAEC needs to institute process improvements, develop new systems, and design methodologies that reduce defects in design and production that will ensure the highest level of efficiency is being recognized without sacrificing product quality.

One system improvement that is underway is the implementation of a new Enterprise Resource Planning (ERP) system known as Strategic Global Application or SGA. SGA has been rolled out to all subsidiaries in the semiconductor business unit of Toshiba and initial training has already been completed for the TAEC workforce. However, because this is a global application, it is already being modified to accommodate changes in processes and procedures. As new business units are brought onto the system, new training is needed for the TAEC workforce to continue to use SGA in the modified environment. These changes are expected to be rolled out throughout the next two to three years.

To meet the challenges described above, TAEC proposes the following training for its Frontline Workers:

Advanced Technology Skills training such as software evaluation skills, technical engineering skills, database management skills and other specialty technology skills will be provided to TAEC's engineering, IT, and Research Staff in order to expand the skill base of these employees. These skills are critical to improving the company's ability to develop products that are "first to market" in a dynamic, product driven industry.

Business Skills training includes business planning skills, negotiation skills, semiconductor technology, and new product training and cross-training will provide an improved skill set for TAEC's Corporate Support Staff and Managers. These skills will provide employees with the necessary skills to improve communication, client services, business analysis, and other product and market skills to improve the company's market position in this industry.

Continuous Improvement Skills topics will include total quality management skills, six sigma skills, process improvement, leadership and other skills designed to enhance productivity across the organization. These skills are designed to improve product quality and development efficiency to lower production costs and improve "first to market" time. Trainees in all occupations will receive training in these skills.

Computer Skills training will offer skills in areas such as Microsoft Project, Toshiba's SGA system, advanced PowerPoint, Adobe Captivate and other systems interface skills. With the implementation of its new ERP system, training in the SGA system is required for all occupations. Additional skills in other applications will be delivered to those employees with the greatest need.

Advanced Technology

TAEC is requesting funding at the Advanced Technology rate of $26.00 per hour for training in the following skill areas: software applications, such as Oracle Application Express, Crystal Reports, and Framemaker Level 2. In addition, software evaluation, system and software design skills, technical engineering skills and database management skills will also be provided. Trainees identified to receive these skills, including Engineering Staff, Research Staff, Software Design and Development Staff (IT Staff), and related Project Managers, will receive between 12 to as much as 200 hours of training. (Only a few trainees with the greatest need will receive the maximum 200 hours). These individuals already have expertise in the highly technical computer programming, software design and development, and hardware design and development for which these supplemental skills are necessary. TAEC reports that the $26.00 per hour rate for these skills will help offset the high cost of this training, which typically costs $50.00 to $100.00 per training hour.

Class size will be capped at 10 trainees to allow in-depth coverage and personal attention from the instructor.

Commitment to Training

TAEC provides a variety of training that will continue during the term of the proposed ETP Agreement, at its own expense. This training includes: fraud prevention training, inter-personal relations/workplace relations, environmental training, blood-borne pathogens training, fire sprinkler system, corporate governance, corporate law, CPR and first aid, developing recruiting and performance appraisal skills, employee discrimination and labor relations training, ergonomics training, essentials of Cal-OSHA compliance training, ethics, immigration law basics, injury and illness prevention, new hire orientation, workplace harassment prevention, and phone and voicemail training. The company's training budget for 2008 is approximately $780,000 for its California workforce.

TAEC represents that ETP funds will not displace the existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

TAEC represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

DEVELOPMENT SERVICES

The company retained Training Funding Partners in Tustin to assist with development of this proposal for a flat fee of $9,500.

ADMINISTRATIVE SERVICES

The company also retained Training Funding Partners to perform administrative services in connection with this proposal for a fee of $12,994, not to exceed 11% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

24 – 200 Trainees will receive any of the following:

BUSINESS SKILLS

- Business Analysis/Planning
- Business Writing
- Client Service Skills
- Communication Skills/International Communications
- Making Persuasive Presentations
- Contract Negotiation/Effective Negotiation Skills
- Distribution/Supply Chain/Inventory Management Skills
- Import/Export Skills
- Finance/Accounting Skills
- New Product Training/Product Line Training
- New Market Trends/Sales and Marketing Skills/Branding
- Semiconductor Technology and Fabrication Skills

COMPUTER SKILLS

- Adobe Captivate
- Advanced PowerPoint Skills
- Customer Relationship Management System
- Pick Release System
- Microsoft Project Skills
- Scheduling Tools
- Single Global Application (SGA) System
- User Productivity Kit (UPK) Developer Training for SGA System
- Toshiba America Electronic Components (TAEC) Dashboard and Reporting
- Storage Interfaces
- System Security
- Sequentra System Skills
- Impact/Business Intelligence Reporting System

CONTINUOUS IMPROVEMENT SKILLS

- ISO Quality Management Skills
- Total Quality Management/Quality Control/Software Quality
- Leadership Skills
- Six Sigma Skills
- Performance/Process Improvement/Workflow Skills
- Time Management Skills for the Workplace
- Team Building Skills
- Conflict Resolution Skills
- Project Management Skills
- Meeting Management Skills
- Design Skills

ADVANCED TECHNOLOGY SKILLS

- Analog Design Environment
- Aspen Training
- Business Intelligence Software Training
- Business Objects Crystal Reports
- Web Intelligence
- Design for Software Testing
- Flash
- Frame Maker Level 2
- Lead Free Emulation Board Training
- Reference Verification Methodology
- Magma Blast fusion
- Oracle Application Express (APEX)
- Signal Integrity
- Synopsis Programming
- Chip Training
- Specman System Simulation Environment
- Verification Data Acquisition System (VDAS)
- Software Evaluation Skills
    - Apache
    - Atrenta
    - Novas Siloti
    - Palladium
    - Redhawk
    - OnTap
    - Hardware Description Language (HDL) Link
    - Serial Advanced Technology Attachment (SATA)
    - Polytron Version Control System (PVCS)
    - Oracle Certified Professional
    - Sonix Studio
    - Freedom Training
    - Celtic Nanometer Delay Calculator (NDC)
- Technical Engineering Skills
    - Verification Platform
    - Timing Expert
    - Redundancy Training
    - Digital to Analog Conversion
    - Power Theater
    - Sonics Memory Max
    - Electronic Design Automation (EDA) Expert
    - International Solid State Circuits
- Database Management Skills
    - Hyperion Essbase Analytics
    - Load Sharing Facility (LSF) 7 Configuration and Management
    - Input/Output (IO) Virtualization